



CENTRE FOR ANALYSIS OF SOCIAL EXCLUSION

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Equal access to high quality early education and care? Evidence from England and lessons from other countries

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Background

A growing body of evidence highlights the importance of high quality early childhood education and care (ECEC) for children's later life chances. All children stand to benefit but research consistently finds that excellent provision makes the most difference to children from disadvantaged backgrounds. These messages have resonated with policymakers in the UK, where the availability, affordability and quality of ECEC have been on the agenda since the late 1990s. Yet the system of provision has developed into a complicated patchwork, in which providers from the private, voluntary and maintained (state) sectors are subject to different regulations, and cost varies from free to prohibitively expensive depending on children's age, their geographic location and their parents' employment status and income.

Against this background, our project had two main aims. First, we set out to examine the relationships between cost, quality and children's social background in England (and, where possible, in other parts of the UK) by combining a number of different datasets. In particular, we explored whether and how the quality of ECEC provision varies with social background. We also looked at the relationship between cost and social background.

Second, we aimed to examine how a range of other countries manage the provision of ECEC, and specifically whether they have greater success in ensuring access to high quality provision for disadvantaged children. Focusing on other countries where the private and voluntary sectors are involved in delivery, we were interested in the way that funding and regulation mechanisms operate to ensure access to high quality ECEC to families with the most to gain, and in whether experience elsewhere offers potential lessons for the UK.

Do poorer children receive lower quality early education and care?

We looked at quality in relation to two strands of provision: the 15 hours a week of free early education that all three and four year olds are entitled to, and all provision outside such entitlement. In this policy brief we concentrate on the free entitlement only. As quality indicators we took two different measures – staff qualifications and the Office for Standards in Education, Children's Services and Skills (Ofsted) ratings. Staff qualifications, and the presence of teachers and of Early Years Professionals (EYP) in particular, have been shown to be a reliable predictor of the quality of the interactions and the overall environment in early years settings. Ofsted, on the other hand, is responsible not only for ensuring compliance to the curriculum and to minimum statutory requirements, but also for publishing quality ratings of provision in all schools and early years settings in England.

We used the 2011 Early Years Census and Schools Census, which provided us with information on individual children and the settings where they received the entitlement. Importantly, both censuses collected detailed geographical information on where children lived and we were able to link this to data on the level of child poverty in each area using IDACI deprivation scores. We then linked child-level data from the censuses with data from

Ofsted. This gave a more precise picture than what is possible with data at the level of settings only, regularly reported by Ofsted.

We found, first, that 95% of children aged four access the entitlement, while 90% of three year olds do so. In fact, almost all children who turn four by the end of August enter reception classes in September where they receive 25 hours of free provision. The rest of our analysis concentrated on children not in reception classes.

When looking at qualification levels of staff, we found that children from the poorest areas are far *more* likely than their peers from less poor areas to have access to a teacher or an EYP. While 80% of children from the poorest ten per cent of areas receive the entitlement in a setting which employs a graduate, this is true for only 53% of children from the least poor ten per cent. This is because children from the poorest areas are much more likely to be in maintained sector nursery classes, where the entitlement is delivered by teachers: 69% of children from the poorest areas are in schools, compared to 21% of children from the least poor areas.

Outside the maintained sector the presence of teachers and EYPs is scarce. Just over a third (36%) of all children receiving the entitlement in the private, voluntary or independent sector (PVI) are exposed to a graduate. This percentage varies slightly with children's background, but there is no clear social gradient: children from both the poorest and the least poor areas are somewhat more likely to be in a PVI setting employing a graduate than children in areas of average poverty. In the poorest areas, it is provision by the voluntary sector and by local authorities (rather than by independent or private settings) that ensures relatively high access to teachers or EYPs.

Ofsted results tell us a different story. The evidence shows that both within the maintained and the PVI sectors children from the poorest areas are the *least* likely to be in an outstanding setting. In particular, the risk of being in a setting judged as inadequate is highest among children from most deprived areas attending a PVI centre.

Are these two indicators of quality – the presence of graduates and Ofsted ratings – contradicting each other? We examine the relationship between the two more closely and find that there is a positive correlation between employing a graduate and a positive Ofsted rating. But Ofsted ratings also appear to be sensitive to settings' intake: settings with high concentrations of poor children are less likely to receive a positive rating, holding other factors including staff qualifications constant. This could be because high numbers of disadvantaged children within settings indeed make quality more difficult to achieve or because Ofsted judgements of quality also reflect children's levels of development, thus rating settings with a high concentration of disadvantaged children more poorly.

To sum up, by looking at staff qualifications we are measuring one key input into the "quality production" process. By this measure, children from the poorest areas have a relative advantage, which is driven by the fact that they are concentrated in large numbers in maintained sector nursery classes with teachers. But Ofsted inspections show us that children from poorer areas receive provision rated more poorly. This appears to be due at least in part to the fact that settings attended by poorer children tend to have a more disadvantaged intake, and the presence of graduates only partially counteracts this effect.

Do richer families pay more for early education and care?

In relation to costs, we pursued a double-headed strategy. First, we looked at the fees charged by providers in Britain in 2007, using data from Laing & Buisson, and related them to providers' characteristics. Second, we examined the Family Resource Survey (FRS) 2010/2011, which contains comprehensive information on families' use of childcare and early education services and their costs.

We found that fees vary greatly depending on the type of provider, with full-day care providers charging consistently more than sessional providers. Surprisingly, however, we find little variation in the fees charged by full-day care providers in more and less deprived areas. By contrast, sessional providers appear to be more responsive to local markets, with

settings in the most deprived areas charging significantly less than settings in the least deprived areas.

Results from our FRS analysis are consistent with the surprising finding of limited variation in fees. They indicate that, for children under the age of three, there is no significant correlation between families' equivalised income and expenditure on childcare. Differences in the amount families pay are, instead, correlated with geographical regions. In particular, families in London pay significantly more than families elsewhere in England. These results should, however, be treated with care, as the sample of families with children under three is fairly small.

Our findings suggest that there is little evidence that better off parents are spending more to buy higher quality provision. While this is a positive finding from an equality perspective, it also indicates that competition cannot be relied on to bid up quality in a market for childcare: providers appear to be competing on price rather than on the price-quality combination – perhaps because quality is hard to observe. This in turn emphasises the importance of the state's role in driving quality improvements through regulation.

What can we learn from other countries?

In this part of the project we asked experts from seven other OECD countries to examine the mechanisms through which their country delivers high quality care, and in particular how they ensure that good quality childcare is accessible to disadvantaged children. The countries included were Australia, France, Germany, New Zealand, the Netherlands, Norway and the US, all of them chosen as countries in which a range of providers from different sectors are involved in the delivery of ECEC. Authors came together at a conference in September 2012 to discuss the national case studies and to draw out common themes and policy conclusions. The full collection of chapters will be published in early 2014 and we summarise some of the main findings very briefly here.

One general finding was that all countries struggle to solve the 'childcare triangle' of cost, quality and access. The UK emerged as performing relatively well in comparison to several of the other countries, particularly on equality of access and on the quality of provision. The cost of provision for younger children (under threes) is the main area where the UK still stands out as doing badly.

Nevertheless, we were able to draw out a number of potential policy lessons. First, the study suggested that free and universal provision is the most effective way to achieve high enrolment rates: New Zealand and France, alongside Britain, provide good examples for children aged three and up.

Second, where charges are made, it is important that they are income-related, and that subsidies cover the children of non-working as well as working parents. This is an area where the UK does not do so well: childcare subsidies beyond the free entitlement are only paid to working households, with even these households required to find at least 30% of costs. In contrast, for example, low-income households in the Netherlands pay just 3.5% of costs, while in Norway, New Zealand, Australia, France and parts of Germany subsidies extend to non-working households, even for younger children.

Third, while quality is understood a little differently in different countries, with variations in the emphasis on curriculum and monitoring and structural indicators, highly qualified graduate staff are central to provision in the countries with the highest standards – France, Norway and New Zealand. Improvements in the UK in recent years have left the country in a stronger position than several of the other countries in our study, with a workforce better qualified than before, low child:staff ratios and a well-regarded curriculum. However, there is a need for a further shift towards more graduate staff if we are to catch up with the front runners.

Fourth, in addition to minimum standards, linking state subsidies to the quality of provision can be an effective way to ensure that lower-income children are not priced out by quality improvements in services that charge fees. This approach allows providers to raise quality

without passing the cost on to parents, and lets parents choose higher quality provision without paying a heavy top-up. Subsidies linked to quality are currently rare, but New Zealand provides an example. Supply-side subsidies to settings in disadvantaged areas (similar to the 'pupil premium' used in compulsory schooling in England in Wales), are another important way of supporting the quality of provision in areas where parents might not be able to afford it.

Finally, we drew out particular lessons for countries where the mix of provision includes a for-profit sector. There is no evidence in our country studies that competition between providers in a mixed economy itself drives quality improvement. Perhaps because quality is hard for parents to observe, competition seems to be dominated by price, as illustrated most clearly by the experience of rapid marketization in the Netherlands, which led to a measured drop in the quality of provision, and as our own findings for England, described above, also suggest. Where a for-profit sector operates as part of a high quality and equitable system of provision, as it does in Norway, this appears to work because of tight regulation, including high minimum standards for staff qualifications and limits on both prices and profits, alongside generous government funding of the sector. However, the sector is still relatively small in Norway, and the Australian experience shows how a more substantial for-profit sector including large corporations can be powerful enough to resist regulatory reforms.

Policy implications

There are many strengths to the way ECEC is currently provided in England, including near universal take-up of free early education for three and four year olds, and relatively high quality provision for children in disadvantaged areas, due largely to the concentration of maintained nursery schools and classes in those areas.

However, there is also clearly considerable room for improvement, and we highlight three issues in particular.

First, while the quality of provision has been improved substantially by reforms and government investment over the last fifteen years, there are still insufficient graduate staff in the sector. Among three year olds, almost 40 per cent access the free entitlement in a setting where there is no graduate, and this marks the UK out from the higher level of quality provided in Norway and France.

Second, subsidies for younger children and for hours outside the free entitlement do not reach the most disadvantaged children and cover too little of the costs. Other countries make ECEC cheaper, and do so for a larger proportion of parents. To reach the most disadvantaged children, subsidies should be income-related and should include non-working parents, both because the children in these households may have most to gain from some formal provision, and because this can help parents make a gradual transition into employment, removing one of the main perceived barriers to work in a non-threatening way.

Finally, funding mechanisms should be designed so as to encourage and support settings to improve quality, and to enable parents to choose quality, while settings in disadvantaged areas should also be supported by additional supply side funding, similar to the pupil premium. These improvements are essential if we want to promote a more mixed intake and a growing presence of graduates across ECEC settings as well as favouring children from more disadvantaged families.

Further information

This CASEbrief summarises findings from a research project, "The Childcare Puzzle: How can we improve both quality and affordability?", which was generously funded by the Nuffield Foundation and carried out in collaboration with Daycare Trust. The findings for England on quality and children's background can be found in CASEpaper 171. A CASEpaper on cost and background will be forthcoming shortly. The comparative part of the project will be published in early 2014 in L Gambaro, K Stewart and J Waldfogel (eds) *Equal Access to Quality Care: Providing High Quality Early Childhood Education and Care to Disadvantaged Families*, Bristol: The Policy Press.